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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GRAVES of Missouri introduced the following bill; which was referred to the Committee on _____

A BILL

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Save America’s Rural Hospitals Act”.

6 (b) FINDINGS.—Congress finds the following:

1 (1) More than 60,000,000 individuals in rural
2 areas of the United States rely on rural hospitals
3 and other providers as critical access points to
4 health care.

5 (2) Access to health care is essential to commu-
6 nities that Americans living in rural areas call home.

7 (3) Americans living in rural areas are older,
8 poorer, and sicker than Americans living in urban
9 areas.

10 (4) Between January 2010 and January 1,
11 2021, 137 rural hospitals closed in the United
12 States, according to the University of North Caro-
13 lina's Cecil G. Sheps Center for Health Services Re-
14 search, and the rate of these closures is increasing.

15 (5) Four hundred and fifty-three hospitals are
16 operating at margins similar to those that have
17 closed over the past decade. Of those, 216 are con-
18 sidered most vulnerable to closure.

19 (6) Rural Medicare beneficiaries already face a
20 number of challenges when trying to access health
21 care services close to home, including the weather,
22 geography, and cultural, social, and language bar-
23 riers.

1 (7) Approximately sixty percent of all primary
2 care health professional shortage areas are located
3 in rural areas.

4 (8) Seniors living in rural areas are forced to
5 travel significant distances for care.

6 (9) On average, trauma victims in rural areas
7 must travel twice as far as victims in urban areas
8 to the closest hospital, and, as a result, 60 percent
9 of trauma deaths occur in rural areas, even though
10 only 20 percent of Americans live in rural areas.

11 (10) With the 453 hospitals on the brink of clo-
12 sure, millions of Americans living in rural areas are
13 on the brink of losing access to the closest emer-
14 gency room.

15 (c) TABLE OF CONTENTS.—The table of contents of
16 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—RURAL PROVIDER PAYMENT STABILIZATION

Subtitle A—Rural Hospitals

Sec. 101. Eliminating Medicare sequestration for rural hospitals.

Sec. 102. Reversing cuts to reimbursement of bad debt for critical access hos-
pitals (CAHs) and rural hospitals.

Sec. 103. Extending permanently payment levels for low-volume hospitals and
Medicare-dependent hospitals (MDHs).

Sec. 104. Reinstating revised diagnosis-related group payments for MDHs and
sole community hospitals (SCHs).

Sec. 105. Reinstating hold harmless treatment for hospital outpatient services
for SCHs.

Subtitle B—Other Rural Providers

Sec. 111. Making permanent increased Medicare payments for ground ambu-
lance services in rural areas.

Sec. 112. Extending Medicaid primary care payments.

- Sec. 113. Making permanent Medicare telehealth service enhancements for federally qualified health centers and rural health clinics.
- Sec. 114. Restoring State authority to waive the 35-mile rule for certain Medicare critical access hospital designations.
- Sec. 115. CMI testing of new rural hospital delivery and payment model.

TITLE II—RURAL MEDICARE BENEFICIARY EQUITY

- Sec. 201. Equalizing beneficiary copayments for services furnished by CAHs.
- Sec. 202. Removing supervision of certified registered nurse anesthetists.
- Sec. 203. CRNA services as a Medicaid-required benefit.

TITLE III—REGULATORY RELIEF

- Sec. 301. Eliminating 96-hour physician certification requirement with respect to inpatient CAH services.
- Sec. 302. Rebasing supervision requirements.
- Sec. 303. Reforming practices of recovery audit contractors under Medicare.

TITLE IV—FUTURE OF RURAL HEALTH CARE

- Sec. 401. Medicare rural hospital flexibility program grants.

TITLE I—RURAL PROVIDER PAYMENT STABILIZATION Subtitle A—Rural Hospitals

SEC. 101. ELIMINATING MEDICARE SEQUESTRATION FOR RURAL HOSPITALS.

(a) IN GENERAL.—Section 256(d)(7) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(d)(7)) is amended by adding at the end the following:

“(D) RURAL HOSPITALS.—Payments under part A or part B of title XVIII of the Social Security Act with respect to items and services furnished by a critical access hospital (as defined in section 1861(mm)(1) of such Act), a sole community hospital (as defined in section 1886(d)(5)(D)(iii) of such Act), a medicare-de-

1 pendent, small rural hospital (as defined in sec-
2 tion 1886(d)(5)(G)(iv) of such Act), or a sub-
3 section (d) hospital located in a rural area (as
4 defined in section 1886(d)(2)(D) of such Act).”.

5 (b) APPLICABILITY.—The amendment made by this
6 section applies with respect to orders of sequestration ef-
7 fective on or after the date that is 60 days after the date
8 of the enactment of this Act.

9 **SEC. 102. REVERSING CUTS TO REIMBURSEMENT OF BAD**
10 **DEBT FOR CRITICAL ACCESS HOSPITALS**
11 **(CAHS) AND RURAL HOSPITALS.**

12 (a) RURAL HOSPITALS.—Section 1861(v)(1)(T)(v) of
13 the Social Security Act (42 U.S.C. 1395x(v)(1)(T)(v)) is
14 amended by inserting before the period the following: “or,
15 in the case of a hospital located in a rural area, by 15
16 percent of such amount otherwise allowable”.

17 (b) CAHS.—Section 1861(v)(1)(W)(ii) of the Social
18 Security Act (42 U.S.C. 1395x(v)(1)(W)(ii)) is amended
19 by inserting after “or (V)” the following: “, a critical ac-
20 cess hospital”.

21 (c) APPLICABILITY.—The amendments made by this
22 section apply with respect to cost reporting periods begin-
23 ning more than 60 days after the date of the enactment
24 of this Act.

1 **SEC. 103. EXTENDING PERMANENTLY PAYMENT LEVELS**
2 **FOR LOW-VOLUME HOSPITALS AND MEDI-**
3 **CARE-DEPENDENT HOSPITALS (MDHS).**

4 (a) EXTENSION OF INCREASED PAYMENTS FOR
5 MDHS.—

6 (1) EXTENSION OF PAYMENT METHODOLOGY.—

7 Section 1886(d)(5)(G) of the Social Security Act (42
8 U.S.C. 1395ww(d)(5)(G)) is amended—

9 (A) in clause (i), by striking “, and before
10 October 1, 2024”; and

11 (B) in clause (ii)(II), by striking “, and be-
12 fore October 1, 2024”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) EXTENSION OF TARGET AMOUNT.—

15 Section 1886(b)(3)(D) of the Social Security
16 Act (42 U.S.C. 1395ww(b)(3)(D)) is amend-
17 ed—

18 (i) in the matter preceding clause (i),
19 by striking “, and before October 1,
20 2024”; and

21 (ii) in clause (iv), by striking
22 “through fiscal year 2024” and inserting
23 “or a subsequent fiscal year”.

24 (B) EXTENDING THE PERIOD DURING
25 WHICH HOSPITALS CAN DECLINE RECLASSI-
26 FICATION AS URBAN.—Section 13501(e)(2) of

1 the Omnibus Budget Reconciliation Act of 1993
2 (42 U.S.C. 1395ww note) is amended by strik-
3 ing “fiscal year 2000 through fiscal year 2024”
4 and inserting “a subsequent fiscal year”.

5 (b) EXTENSION OF INCREASED PAYMENTS FOR LOW-
6 VOLUME HOSPITALS.—Section 1886(d)(12) of the Social
7 Security Act (42 U.S.C. 1395ww(d)(12)) is amended—

8 (1) in subparagraph (B)—

9 (A) in the header, by inserting “for fiscal
10 years 2005 through 2010” after “increase”;
11 and

12 (B) in the matter preceding clause (i), by
13 striking “and for discharges occurring in fiscal
14 year 2025 and subsequent fiscal years”;

15 (2) in subparagraph (C)(i)—

16 (A) in the matter preceding subclause (I),
17 by striking “through 2024” and inserting “and
18 each subsequent fiscal year”;

19 (B) in subclause (II), by adding at the end
20 “and”;

21 (C) in subclause (III)—

22 (i) by striking “fiscal years 2019
23 through 2024” and inserting “fiscal year
24 2019 and each subsequent fiscal year”;
25 and

1 (ii) by striking “; and” and inserting
2 a period; and

3 (D) by striking subclause (IV); and
4 (3) in subparagraph (D)—

5 (A) by amending the heading to read as
6 follows: “PERMANENT APPLICABLE PERCENT-
7 AGE INCREASE”;

8 (B) in the matter preceding clause (i), by
9 striking “in fiscal years 2011 through 2024”
10 and inserting “in fiscal year 2011 or a subse-
11 quent fiscal year”; and

12 (C) in clause (ii), by striking “each of fis-
13 cal years 2019 through 2024” and inserting
14 “fiscal year 2019 and each subsequent fiscal
15 year”.

16 **SEC. 104. REINSTATING REVISED DIAGNOSIS-RELATED**
17 **GROUP PAYMENTS FOR MDHS AND SOLE**
18 **COMMUNITY HOSPITALS (SCHS).**

19 (a) PAYMENTS FOR MDHS AND SCHS FOR VALUE-
20 BASED INCENTIVE PROGRAMS.—Section
21 1886(o)(7)(D)(ii)(I) of the Social Security Act (42 U.S.C.
22 1395ww(o)(7)(D)(ii)(I)) is amended by inserting “and
23 after fiscal year 2022” after “2013”.

24 (b) PAYMENTS FOR MDHS AND SCHS UNDER HOS-
25 PITAL READMISSIONS REDUCTION PROGRAM.—Section

1 1886(q)(2)(B)(i) of the Social Security Act (42 U.S.C.
2 1395ww(q)(2)(B)(i)) is amended by inserting “and after
3 fiscal year 2022” after “2013”.

4 **SEC. 105. REINSTATING HOLD HARMLESS TREATMENT FOR**
5 **HOSPITAL OUTPATIENT SERVICES FOR SCHS.**

6 Section 1833(t)(7)(D)(i) of the Social Security Act
7 (42 U.S.C. 1395l(t)(7)(D)(i)) is amended—

8 (1) in the heading, by striking “**TEMPORARY**”
9 and inserting “**PERMANENT**”;

10 (2) in subclause (II)—

11 (A) in the first sentence, by inserting “and
12 on or after January 1, 2023,” after “January
13 1, 2013,”; and

14 (B) in the second sentence, by inserting “,
15 and during or after 2023” after “or 2012”; and

16 (3) in subclause (III), in the first sentence, by
17 inserting “and on or after January 1, 2023,” after
18 “January 1, 2013,”.

19 **Subtitle B—Other Rural Providers**

20 **SEC. 111. MAKING PERMANENT INCREASED MEDICARE**
21 **PAYMENTS FOR GROUND AMBULANCE SERV-**
22 **ICES IN RURAL AREAS.**

23 Section 1834(l)(13) of the Social Security Act (42
24 U.S.C. 1395m(l)(13)) is amended—

1 (1) in the paragraph heading, by striking
2 “**TEMPORARY INCREASE**” and inserting “**IN-**
3 **CREASE**”; and

4 (2) in subparagraph (A)—

5 (A) in the matter preceding clause (i), by
6 striking “, and before January 1, 2025”; and

7 (B) in clause (i), by striking “, and before
8 January 1, 2025”.

9 **SEC. 112. EXTENDING MEDICAID PRIMARY CARE PAY-**
10 **MENTS.**

11 (a) **IN GENERAL.**—Section 1902(a)(13)(C) of the So-
12 cial Security Act (42 U.S.C. 1396a(a)(13)(C)) is amended
13 by inserting after “2014” the following: “(or, in the case
14 of primary care services furnished by a physician located
15 in a rural area, as defined in section 1886(d)(2)(D), fur-
16 nished in any year)”.

17 (b) **APPLICABILITY.**—

18 (1) **IN GENERAL.**—Except as provided in para-
19 graph (2), the amendment made by this section ap-
20 plies to services furnished in a year beginning on or
21 after the date of the enactment of this Act.

22 (2) **EXCEPTION IF STATE LEGISLATION RE-**
23 **QUIRED.**—In the case of a State plan for medical as-
24 sistance under title XIX of the Social Security Act
25 which the Secretary of Health and Human Services

1 determines requires State legislation (other than leg-
2 islation appropriating funds) in order for the plan to
3 meet the additional requirement imposed by the
4 amendment made by this section, the State plan
5 shall not be regarded as failing to comply with the
6 requirements of such title solely on the basis of its
7 failure to meet this additional requirement before
8 the first day of the first calendar quarter beginning
9 after the close of the first regular session of the
10 State legislature that begins after the date of the en-
11 actment of this Act. For purposes of the previous
12 sentence, in the case of a State that has a 2-year
13 legislative session, each year of such session shall be
14 deemed to be a separate regular session of the State
15 legislature.

16 **SEC. 113. MAKING PERMANENT MEDICARE TELEHEALTH**
17 **SERVICE ENHANCEMENTS FOR FEDERALLY**
18 **QUALIFIED HEALTH CENTERS AND RURAL**
19 **HEALTH CLINICS.**

20 Paragraph (8) of section 1834(m) of the Social Secu-
21 rity Act (42 U.S.C. 1395m(m)) is amended—

22 (1) in the paragraph heading, be striking “DUR-
23 ING EMERGENCY PERIOD”;

24 (2) in the matter preceding subparagraph (A),
25 by striking “During the emergency period described

1 in section 1135(g)(1)(B) and, in the case that such
2 emergency period ends before December 31, 2024,
3 during the period beginning on the first day after
4 the end of such emergency period and ending on De-
5 cember 31, 2024” and inserting “Beginning on the
6 first day of the emergency period described in sec-
7 tion 1135(g)(1)(B)”;

8 (3) in subparagraph (A)(ii), by striking “deter-
9 mined under subparagraph (B)” and inserting “de-
10 termined, for services furnished during the emer-
11 gency period described in section 1135(g)(1)(B),
12 under subparagraph (B) and, for services furnished
13 after such period, as an amount equal to the amount
14 that such center or clinic would have been paid
15 under this title had such service been furnished
16 without the use of a telecommunications system”;
17 and

18 (4) in subparagraph (B)—

19 (A) by striking “PAYMENT RULE” and all
20 that follows through “The Secretary shall” and
21 inserting “PAYMENT RULE.—The Secretary
22 shall”; and

23 (B) by redesignating clause (ii) as sub-
24 paragraph (C) and moving such subparagraph
25 as so redesignated 2 ems to the left.

1 **SEC. 114. RESTORING STATE AUTHORITY TO WAIVE THE 35-**
2 **MILE RULE FOR CERTAIN MEDICARE CRIT-**
3 **ICAL ACCESS HOSPITAL DESIGNATIONS.**

4 (a) IN GENERAL.—Section 1820 of the Social Secu-
5 rity Act (42 U.S.C. 1395i–4) is amended—

6 (1) in subsection (c)(2)—

7 (A) in subparagraph (B)(i)—

8 (i) in subclause (I), by striking at the
9 end “or”;

10 (ii) in subclause (II), by inserting at
11 the end “or”; and

12 (iii) by adding at the end the fol-
13 lowing new subclause:

14 “(III) subject to subparagraph
15 (G), is a hospital described in sub-
16 paragraph (F) and is certified on or
17 after the date of the enactment of the
18 Save America’s Rural Hospitals Act
19 by the State as being a necessary pro-
20 vider of health care services to resi-
21 dents in the area;”; and

22 (B) by adding at the end the following new
23 subparagraphs:

24 “(F) HOSPITAL DESCRIBED.—For pur-
25 poses of subparagraph (B)(i)(III), a hospital

1 described in this subparagraph is a hospital
2 that—

3 “(i) is a sole community hospital (as
4 defined in section 1886(d)(5)(D)(iii)), a
5 medicare dependent, small rural hospital
6 (as defined in section 1886(d)(5)(G)(iv)), a
7 low-volume hospital that in 2021 receives a
8 payment adjustment under section
9 1886(d)(12), a subsection (d) hospital (as
10 defined in section 1886(d)(1)(B)) that has
11 fewer than 50 beds, or, subject to the limi-
12 tation under subparagraph (G)(i)(I), is a
13 facility described in subparagraph (G)(ii);

14 “(ii) is located in a rural area, as de-
15 fined in section 1886(d)(2)(D);

16 “(iii)(I) is located—

17 “(aa) in a county that has a per-
18 centage of individuals with income
19 that is below 150 percent of the pov-
20 erty line that is higher than the na-
21 tional or statewide average in 2020;
22 or

23 “(bb) in a health professional
24 shortage area (as defined in section

1 332(a)(1)(A) of the Public Health
2 Service Act); or

3 “(II) has a percentage of inpatient
4 days of individuals entitled to benefits
5 under part A of this title, enrolled under
6 part B of this title, or enrolled under a
7 State plan under title XIX that is higher
8 than the national or statewide average in
9 2019 or 2020;

10 “(iv) subject to subparagraph
11 (G)(ii)(II), has attested to the Secretary
12 two consecutive years of negative operating
13 margins preceding the date of certification
14 described in subparagraph (B)(i)(III); and

15 “(v) submits to the Secretary—

16 “(I) at such time and in such
17 manner as the Secretary may require,
18 an attestation outlining the good gov-
19 ernance qualifications and strategic
20 plan for multi-year financial solvency
21 of the hospital; and

22 “(II) not later than 120 days
23 after the date on which the Secretary
24 issues final regulations pursuant to
25 section 114(b) of the Save America’s

1 Rural Hospitals Act, an application
2 for certification of the facility as a
3 critical access hospital.

4 “(G) LIMITATION ON CERTAIN DESIGNA-
5 TIONS.—

6 “(i) IN GENERAL.—The Secretary
7 may not under subsection (e) certify pur-
8 suant to a certification by a State under
9 subparagraph (B)(i)(III)—

10 “(I) more than a total of 175 fa-
11 cilities as critical access hospitals, of
12 which not more than 20 percent may
13 be facilities described in clause (ii);
14 and

15 “(II) within any one State, more
16 than 10 facilities as critical access
17 hospitals.

18 “(ii) FACILITY DESCRIBED.—

19 “(I) IN GENERAL.—A facility de-
20 scribed in this clause is a facility that
21 as of the date of enactment of this
22 subparagraph met the criteria for des-
23 ignation as a critical access hospital
24 under subparagraph (B)(i)(I).

1 “(II) NONAPPLICATION OF CER-
2 TAIN CRITERIA.—For purposes of
3 subparagraph (B)(i)(III), the criteria
4 described in subparagraph (F)(iv)
5 shall not apply with respect to the
6 designation of a facility described in
7 subclause (I).”; and

8 (2) in subsection (e), by inserting “, subject to
9 subsection (c)(2)(G),” after “The Secretary shall”.

10 (b) REGULATIONS.—Not later than 120 days after
11 the date of the enactment of this Act, the Secretary of
12 Health and Human Services shall issue final regulations
13 to carry out this section.

14 (c) CLARIFICATION REGARDING FACILITIES THAT
15 MEET DISTANCE OR OTHER CERTIFICATION CRITERIA.—
16 Nothing in this section shall affect the application of cri-
17 teria for designation as a critical access hospital described
18 in subclause (I) or (II) of section 1820(c)(2)(B)(i) of the
19 Social Security Act (42 U.S.C. 1395i–4(c)(2)(B)(i)).

20 **SEC. 115. CMI TESTING OF NEW RURAL HOSPITAL DELIV-**
21 **ERY AND PAYMENT MODEL.**

22 Section 1115A of the Social Security Act (42 U.S.C.
23 1315a) is amended—

24 (1) in subsection (b)(2)(A), by adding at the
25 end the following new sentence: “The models se-

1 lected under this subparagraph shall include the
2 testing of a new rural hospital delivery and payment
3 model (or models), as described in subsection (h).”;
4 and

5 (2) by adding at the end the following new sub-
6 section:

7 “(h) TESTING OF NEW RURAL HOSPITAL DELIVERY
8 AND PAYMENT MODEL.—

9 “(1) IN GENERAL.—

10 “(A) TESTING.—The Secretary shall test
11 the implementation of a new rural hospital de-
12 livery and payment model (or models) that the
13 Secretary determines would promote financially
14 sustainable ways to ensure patient access to
15 care in rural communities, which may include
16 models under which such hospitals furnish out-
17 patient emergency care services 24 hours a day,
18 7 days a week for which payment is made
19 under title XVIII based on the amount deter-
20 mined under the prospective payment system
21 for hospital outpatient department services
22 under section 1833(t), plus a fixed rate for the
23 cost of furnishing the emergency services.

24 “(B) PROMULGATION OF REGULATIONS.—

25 Not later than 3 years after the date of the en-

1 actment of this subsection, the Secretary shall
2 promulgate regulations to test a new rural hos-
3 pital delivery and payment model (or models)
4 described in subparagraph (A), unless Congress
5 enacts legislation that establishes such a pay-
6 ment model (or models) prior to the promulga-
7 tion of regulations pursuant to this subpara-
8 graph.

9 “(2) TRANSITION.—Effective beginning on the
10 date on which the testing of a new rural hospital de-
11 livery and payment model (or models) described in
12 paragraph (1)(A) is implemented under this sub-
13 section or such a payment model (or models) is es-
14 tablished through the enactment of legislation de-
15 scribed in paragraph (1)(B), the Secretary shall pro-
16 vide a process under which—

17 “(A) all critical access hospitals may tran-
18 sition to such new model or models under this
19 subsection; and

20 “(B) any facility that was designated as a
21 critical access hospital pursuant to a certifi-
22 cation by a State under section
23 1820(c)(2)(B)(i)(III) may revert to the prospec-
24 tive payment model (or models) under which

1 the facility received payment under title XVIII
2 prior to being so designated.”.

3 **TITLE II—RURAL MEDICARE**
4 **BENEFICIARY EQUITY**

5 **SEC. 201. EQUALIZING BENEFICIARY COPAYMENTS FOR**
6 **SERVICES FURNISHED BY CAHS.**

7 (a) IN GENERAL.—Section 1866(a)(2)(A) of the So-
8 cial Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended
9 by adding at the end the following: “In the case of out-
10 patient critical access hospital services for which payment
11 is made under section 1834(g), clause (ii) of the first sen-
12 tence shall be applied by substituting ‘20 percent of the
13 lesser of the actual charge or the payment basis under
14 this part for such services if the critical access hospital
15 were treated as a hospital’ for ‘20 per centum of the rea-
16 sonable charges for such items and services’.”.

17 (b) APPLICABILITY.—The amendment made by this
18 section applies with respect to services furnished during
19 a year that begins more than 60 days after the date of
20 the enactment of this Act.

21 **SEC. 202. REMOVING SUPERVISION OF CERTIFIED REG-**
22 **ISTERED NURSE ANESTHETISTS.**

23 Section 1861(bb)(2) of the Social Security Act (42
24 U.S.C. 1395x(bb)(2)) is amended—

1 (1) in the second sentence, by inserting “, but
2 may not require that certified registered nurse anes-
3 thetists provide services under the supervision of a
4 physician” after “certification of nurse anes-
5 thetists”; and

6 (2) in the third sentence, by inserting “under
7 the supervision of an anesthesiologist” after “an an-
8 esthesiologist assistant”.

9 **SEC. 203. CRNA SERVICES AS A MEDICAID-REQUIRED BEN-**
10 **EFIT.**

11 (a) IN GENERAL.—Section 1905(a)(5) of the Social
12 Security Act (42 U.S.C. 1396d(a)(5)) is amended—

13 (1) by striking “and (B)” and inserting “(B)”;
14 and

15 (2) by inserting before the semicolon at the end
16 the following: “, and (C) services furnished by a cer-
17 tified registered nurse anesthetist (as defined in sec-
18 tion 1861(bb)(2)), which such certified registered
19 nurse anesthetist is authorized to perform under
20 State law (or the State regulatory mechanism as
21 provided by State law)”.

22 (b) PAYMENT.—Section 1902(a) of the Social Secu-
23 rity Act (42 U.S.C. 1396d(a)) is amended—

24 (1) in paragraph (86), by striking “and” at the
25 end;

1 (2) in paragraph (87), by striking the period
2 and inserting “; and”; and

3 (3) by inserting after paragraph (87) the fol-
4 lowing new paragraph:“(88) provide for payment for
5 the services of a certified registered nurse anes-
6 thetist (as defined in section 1861(bb)(1)) in
7 amounts no lower than the amounts, using the same
8 methodology, used for payment for amounts under
9 section 1833(a)(1)(H).”.

10 **TITLE III—REGULATORY RELIEF**

11 **SEC. 301. ELIMINATING 96-HOUR PHYSICIAN CERTIFI-** 12 **CATION REQUIREMENT WITH RESPECT TO** 13 **INPATIENT CAH SERVICES.**

14 (a) IN GENERAL.—Section 1814(a) of the Social Se-
15 curity Act (42 U.S.C. 1395f(a)) is amended—

16 (1) in paragraph (6), by adding “and” at the
17 end;

18 (2) in paragraph (7)(E), by striking “; and”
19 and inserting a period; and

20 (3) by striking paragraph (8).

21 (b) APPLICABILITY.—The amendments made by this
22 section apply with respect to services furnished during a
23 year that begins more than 60 days after the date of the
24 enactment of this Act.

1 **SEC. 302. REBASING SUPERVISION REQUIREMENTS.**

2 (a) THERAPEUTIC HOSPITAL OUTPATIENT SERV-
3 ICES.—

4 (1) SUPERVISION REQUIREMENTS.—Section
5 1833 of the Social Security Act (42 U.S.C. 1395l)
6 is amended by adding at the end the following new
7 subsection:

8 “(ee) PHYSICIAN SUPERVISION REQUIREMENTS FOR
9 THERAPEUTIC HOSPITAL OUTPATIENT SERVICES.—

10 “(1) GENERAL SUPERVISION FOR THERAPEUTIC
11 SERVICES.—Except as may be provided under para-
12 graph (2), insofar as the Secretary requires the su-
13 pervision by a physician or a non-physician practi-
14 tioner for payment for therapeutic hospital out-
15 patient services (as defined in paragraph (5)(A))
16 furnished under this part, such requirement shall be
17 met if such services are furnished under the general
18 supervision (as defined in paragraph (5)(B)) of the
19 physician or non-physician practitioner, as the case
20 may be.

21 “(2) EXCEPTIONS PROCESS FOR HIGH-RISK OR
22 COMPLEX MEDICAL SERVICES REQUIRING A DIRECT
23 LEVEL OF SUPERVISION.—

24 “(A) IN GENERAL.—Subject to the suc-
25 ceeding provisions of this paragraph, the Sec-
26 retary shall establish a process for the designa-

1 tion of therapeutic hospital outpatient services
2 furnished under this part that, by reason of
3 complexity or high risk, require—

4 “(i) direct supervision (as defined in
5 paragraph (5)(C)) for the entire service; or

6 “(ii) direct supervision during the ini-
7 tiation of the service followed by general
8 supervision for the remainder of the serv-
9 ice.

10 “(B) CONSULTATION WITH CLINICAL EX-
11 PERTS.—

12 “(i) IN GENERAL.—Under the process
13 established under subparagraph (A), before
14 the designation of any therapeutic hospital
15 outpatient service for which direct super-
16 vision may be required under this part, the
17 Secretary shall consult with a panel of out-
18 side experts described in clause (ii) to ad-
19 vise the Secretary with respect to each
20 such designation.

21 “(ii) ADVISORY PANEL ON SUPER-
22 VISION OF THERAPEUTIC HOSPITAL OUT-
23 PATIENT SERVICES.—For purposes of
24 clause (i), a panel of outside experts de-
25 scribed in this clause is a panel appointed

1 by the Secretary, based on nominations
2 submitted by hospital, rural health, and
3 medical organizations representing physi-
4 cians, non-physician practitioners, and hos-
5 pital administrators, as the case may be,
6 that meets the following requirements:

7 “(I) COMPOSITION.—The panel
8 shall be composed of at least 15 phy-
9 sicians and non-physician practi-
10 tioners who furnish therapeutic hos-
11 pital outpatient services for which
12 payment is made under this part and
13 who collectively represent the medical
14 specialties that furnish such services,
15 and of 4 hospital administrators of
16 hospitals located in rural areas (as de-
17 fined in section 1886(d)(2)(D)) or
18 critical access hospitals.

19 “(II) PRACTICAL EXPERIENCE
20 REQUIRED FOR PHYSICIANS AND NON-
21 PHYSICIAN PRACTITIONERS.—During
22 the 12-month period preceding ap-
23 pointment to the panel by the Sec-
24 retary, each physician or non-physi-
25 cian practitioner described in sub-

1 clause (I) shall have furnished thera-
2 peutic hospital outpatient services for
3 which payment was made under this
4 part.

5 “(III) MINIMUM RURAL REP-
6 RESENTATION REQUIREMENT FOR
7 PHYSICIANS AND NON-PHYSICIAN
8 PRACTITIONERS.—Not less than 50
9 percent of the membership of the
10 panel that is comprised of physicians
11 and non-physician practitioners shall
12 be physicians or non-physician practi-
13 tioners described in subclause (I) who
14 practice in rural areas (as defined in
15 section 1886(d)(2)(D)) or who furnish
16 such services in critical access hos-
17 pitals.

18 “(iii) APPLICATION OF FACA.—The
19 Federal Advisory Committee Act (5 U.S.C.
20 2 App.), other than section 14 of such Act,
21 shall apply to the panel of outside experts
22 appointed by the Secretary under clause
23 (ii).

24 “(C) SPECIAL RULE FOR OUTPATIENT
25 CRITICAL ACCESS HOSPITAL SERVICES.—Inso-

1 far as a therapeutic outpatient hospital service
2 that is an outpatient critical access hospital
3 service is designated as requiring direct super-
4 vision under the process established under sub-
5 paragraph (A), the Secretary shall deem the
6 critical access hospital furnishing that service
7 as having met the requirement for direct super-
8 vision for that service if, when furnishing such
9 service, the critical access hospital meets the
10 standard for personnel required as a condition
11 of participation under section 485.618(d) of
12 title 42, Code of Federal Regulations (as in ef-
13 fect on the date of the enactment of this sub-
14 section).

15 “(D) CONSIDERATION OF COMPLIANCE
16 BURDENS.—Under the process established
17 under subparagraph (A), the Secretary shall
18 take into account the impact on hospitals and
19 critical access hospitals in complying with re-
20 quirements for direct supervision in the fur-
21 nishing of therapeutic hospital outpatient serv-
22 ices, including hospital resources, availability of
23 hospital-privileged physicians, specialty physi-
24 cians, and non-physician practitioners, and ad-
25 ministrative burdens.

1 “(E) REQUIREMENT FOR NOTICE AND
2 COMMENT RULEMAKING.—Under the process
3 established under subparagraph (A), the Sec-
4 retary shall only designate therapeutic hospital
5 outpatient services requiring direct supervision
6 under this part through proposed and final
7 rulemaking that provides for public notice and
8 opportunity for comment.

9 “(F) RULE OF CONSTRUCTION.—Nothing
10 in this subsection shall be construed as author-
11 izing the Secretary to apply or require any level
12 of supervision other than general or direct su-
13 pervision with respect to the furnishing of
14 therapeutic hospital outpatient services.

15 “(3) INITIAL LIST OF DESIGNATED SERVICES.—
16 The Secretary shall include in the proposed and final
17 regulation for payment for hospital outpatient serv-
18 ices for 2022 under this part a list of initial thera-
19 peutic hospital outpatient services, if any, designated
20 under the process established under paragraph
21 (2)(A) as requiring direct supervision under this
22 part.

23 “(4) DIRECT SUPERVISION BY NON-PHYSICIAN
24 PRACTITIONERS FOR CERTAIN HOSPITAL OUT-
25 PATIENT SERVICES PERMITTED.—

1 “(A) IN GENERAL.—Subject to the suc-
2 ceeding provisions of this subsection, a non-phy-
3 sician practitioner may directly supervise the
4 furnishing of—

5 “(i) therapeutic hospital outpatient
6 services under this part, including cardiac
7 rehabilitation services (under section
8 1861(eee)(1)), intensive cardiac rehabilita-
9 tion services (under section 1861(eee)(4)),
10 and pulmonary rehabilitation services
11 (under section 1861(fff)(1)); and

12 “(ii) those hospital outpatient diag-
13 nostic services (described in section
14 1861(s)(2)(C)) that require direct super-
15 vision under the fee schedule established
16 under section 1848.

17 “(B) REQUIREMENTS.—Subparagraph (A)
18 shall apply insofar as the non-physician practi-
19 tioner involved meets the following require-
20 ments:

21 “(i) SCOPE OF PRACTICE.—The non-
22 physician practitioner is acting within the
23 scope of practice under State law applica-
24 ble to the practitioner.

1 “(ii) ADDITIONAL REQUIREMENTS.—

2 The non-physician practitioner meets such
3 requirements as the Secretary may specify.

4 “(5) DEFINITIONS.—In this subsection:

5 “(A) THERAPEUTIC HOSPITAL OUT-
6 PATIENT SERVICES.—The term ‘therapeutic
7 hospital outpatient services’ means hospital
8 services described in section 1861(s)(2)(B) fur-
9 nished by a hospital or critical access hospital
10 and includes—

11 “(i) cardiac rehabilitation services and
12 intensive cardiac rehabilitation services (as
13 defined in paragraphs (1) and (4), respec-
14 tively, of section 1861(eee)); and

15 “(ii) pulmonary rehabilitation services
16 (as defined in section 1861(fff)(1)).

17 “(B) GENERAL SUPERVISION.—

18 “(i) OVERALL DIRECTION AND CON-
19 TROL OF PHYSICIAN.—Subject to clause
20 (ii), with respect to the furnishing of
21 therapeutic hospital outpatient services for
22 which payment may be made under this
23 part, the term ‘general supervision’ means
24 such services that are furnished under the
25 overall direction and control of a physician

1 or non-physician practitioner, as the case
2 may be.

3 “(ii) PRESENCE NOT REQUIRED.—For
4 purposes of clause (i), the presence of a
5 physician or non-physician practitioner is
6 not required during the performance of the
7 procedure involved.

8 “(C) DIRECT SUPERVISION.—

9 “(i) PROVISION OF ASSISTANCE AND
10 DIRECTION.—Subject to clause (ii), with
11 respect to the furnishing of therapeutic
12 hospital outpatient services for which pay-
13 ment may be made under this part, the
14 term ‘direct supervision’ means that a phy-
15 sician or non-physician practitioner, as the
16 case may be, is immediately available (in-
17 cluding by telephone or other means) to
18 furnish assistance and direction through-
19 out the furnishing of such services. Such
20 term includes, with respect to the fur-
21 nishing of a therapeutic hospital outpatient
22 service for which payment may be made
23 under this part, direct supervision during
24 the initiation of the service followed by
25 general supervision for the remainder of

1 the service (as described in paragraph
2 (2)(A)(ii)).

3 “(ii) PRESENCE IN ROOM NOT RE-
4 QUIRED.—For purposes of clause (i), a
5 physician or non-physician practitioner, as
6 the case may be, is not required to be
7 present in the room during the perform-
8 ance of the procedure involved or within
9 any other physical boundary as long as the
10 physician or non-physician practitioner, as
11 the case may be, is immediately available.

12 “(D) NON-PHYSICIAN PRACTITIONER DE-
13 FINED.—The term ‘non-physician practitioner’
14 means an individual who—

15 “(i) is a physician assistant, a nurse
16 practitioner, a clinical nurse specialist, a
17 clinical social worker, a clinical psycholo-
18 gist, a certified nurse midwife, or a cer-
19 tified registered nurse anesthetist, and in-
20 cludes such other practitioners as the Sec-
21 retary may specify; and

22 “(ii) with respect to the furnishing of
23 therapeutic outpatient hospital services,
24 meets the requirements of paragraph
25 (4)(B).”.

1 (2) CONFORMING AMENDMENT.—Section
2 1861(eee)(2)(B) of the Social Security Act (42
3 U.S.C. 1395x(eee)(2)(B)) is amended by inserting “,
4 and a non-physician practitioner (as defined in sec-
5 tion 1833(cc)(5)(D)) may supervise the furnishing of
6 such items and services in the hospital” after “in
7 the case of items and services furnished under such
8 a program in a hospital, such availability shall be
9 presumed”.

10 (b) PROHIBITION ON RETROACTIVE ENFORCEMENT
11 OF REVISED INTERPRETATION.—

12 (1) REPEAL OF REGULATORY CLARIFICA-
13 TION.—The restatement and clarification under the
14 final rulemaking changes to the Medicare hospital
15 outpatient prospective payment system and calendar
16 year 2009 payment rates (published in the Federal
17 Register on November 18, 2008, 73 Fed. Reg.
18 68702 through 68704) with respect to requirements
19 for direct supervision by physicians for therapeutic
20 hospital outpatient services (as defined in paragraph
21 (3)) for purposes of payment for such services under
22 the Medicare program shall have no force or effect
23 in law.

24 (2) HOLD HARMLESS.—A hospital or critical
25 access hospital that furnishes therapeutic hospital

1 outpatient services during the period beginning on
2 January 1, 2001, and ending on the later of Decem-
3 ber 31, 2021, or the date on which the final regula-
4 tion promulgated by the Secretary of Health and
5 Human Services to carry out this section takes ef-
6 fect, for which a claim for payment is made under
7 part B of title XVIII of the Social Security Act shall
8 not be subject to any civil or criminal action or pen-
9 alty under Federal law for failure to meet super-
10 vision requirements under the regulation described
11 in paragraph (1), under program manuals, or other-
12 wise.

13 (3) THERAPEUTIC HOSPITAL OUTPATIENT
14 SERVICES DEFINED.—In this subsection, the term
15 “therapeutic hospital outpatient services” means
16 medical and other health services furnished by a
17 hospital or critical access hospital that are—

18 (A) hospital services described in sub-
19 section (s)(2)(B) of section 1861 of the Social
20 Security Act (42 U.S.C. 1395x);

21 (B) cardiac rehabilitation services or inten-
22 sive cardiac rehabilitation services (as defined
23 in paragraphs (1) and (4), respectively, of sub-
24 section (eee) of such section); or

1 (C) pulmonary rehabilitation services (as
2 defined in subsection (fff)(1) of such section).

3 **SEC. 303. REFORMING PRACTICES OF RECOVERY AUDIT**
4 **CONTRACTORS UNDER MEDICARE.**

5 (a) **ELIMINATION OF CONTINGENCY FEE PAYMENT**
6 **SYSTEM.**—Section 1893(h) of the Social Security Act (42
7 U.S.C. 1395ddd(h)) is amended—

8 (1) in paragraph (1), by inserting “, for recov-
9 ery activities conducted during a fiscal year before
10 fiscal year 2023” after “Under the contracts”; and

11 (2) by adding at the end the following new
12 paragraph:

13 “(11) **PAYMENT FOR RECOVERY ACTIVITIES**
14 **PERFORMED AFTER FISCAL YEAR 2022.**—

15 “(A) **IN GENERAL.**—Under the contracts,
16 subject to paragraphs (B) and (C), payment
17 shall be made to recovery audit contractors for
18 recovery activities conducted during fiscal year
19 2022 and each fiscal year thereafter in the
20 same manner, and from the same amounts, as
21 payment is made to eligible entities under con-
22 tracts entered into for recovery activities con-
23 ducted during fiscal year 2022 under subsection
24 (a).

1 “(B) PROHIBITION ON INCENTIVE PAY-
2 MENTS.—Under the contracts, payment made
3 to a recovery audit contractor for recovery ac-
4 tivities conducted during fiscal year 2023 or
5 any fiscal year thereafter may not include any
6 incentive payments.

7 “(C) PERFORMANCE ACCOUNTABILITY.—

8 “(i) IN GENERAL.—Under the con-
9 tracts, payment made to a recovery audit
10 contractor for recovery activities conducted
11 during fiscal year 2023 or any fiscal year
12 thereafter shall, in the case that the con-
13 tractor has a complex audit denial overturn
14 rate at the end of such fiscal year (as cal-
15 culated under the methodology described in
16 clause (iv)) that is 0.1 or greater, be re-
17 duced in an amount determined in accord-
18 ance with clause (ii).

19 “(ii) PAYMENT REDUCTIONS.—

20 “(I) SLIDING SCALE OF AMOUNT
21 OF REDUCTIONS.—The Secretary
22 shall establish, for purposes of deter-
23 mining the amount of a reduction in
24 payment to a recovery audit con-
25 tractor under clause (i) for recovery

1 activities conducted during fiscal year,
2 a linear sliding scale of payment re-
3 ductions for recovery audit contrac-
4 tors for such fiscal year. Under such
5 linear sliding scale, the amount of
6 such a reduction in payment to a re-
7 covery audit contractor for a fiscal
8 year shall be calculated in a manner
9 that provides for such reduction to be
10 greater than the reduction for such
11 fiscal year for recovery audit contrac-
12 tors that have complex audit denial
13 overturn rates at the end of such fis-
14 cal year (as calculated under the
15 methodology described in clause (iv))
16 that are lower than the complex audit
17 denial overturn rate of the contractor
18 at the end of such fiscal year (as so
19 calculated).

20 “(II) MANNER OF COLLECTING
21 REDUCTION.—The Secretary may as-
22 sess and collect the reductions in pay-
23 ment to recovery audit contractors
24 under clause (i) in such manner as
25 the Secretary may specify (such as by

1 reducing the amount paid to the con-
2 tractor for recovery activities con-
3 ducted during a fiscal year or by as-
4 sessing the reduction as a separate
5 penalty payment to be paid to the
6 Secretary by the contractor with re-
7 spect to each complex audit denial
8 issued by the contractor that is over-
9 turned on appeal).

10 “(iii) TIMING OF DETERMINATIONS OF
11 PAYMENT REDUCTIONS.—The Secretary
12 shall, with respect to a recovery audit con-
13 tractor, determine not later than six
14 months after the end of a fiscal year—

15 “(I) whether to reduce payment
16 to the recovery audit contractor under
17 clause (i) for recovery activities con-
18 ducted during such fiscal year; and

19 “(II) in the case that the Sec-
20 retary determines to so reduce pay-
21 ment to the contractor, the amount of
22 such payment reduction.

23 “(iv) METHODOLOGY FOR CALCULA-
24 TION OF OVERTURNED COMPLEX AUDIT
25 DENIAL OVERTURN RATE.—

1 “(I) CALCULATION OF OVERTURN
2 RATE.—The Secretary shall calculate
3 a complex audit denial overturn rate
4 for a recovery audit contractor for a
5 fiscal year by—

6 “(aa) determining, with re-
7 spect to the contract entered into
8 under paragraph (1) by the con-
9 tractor, the number of complex
10 audit denials issued by the con-
11 tractor under the contract (in-
12 cluding denials issued before such
13 fiscal year and during such fiscal
14 year) that are overturned on ap-
15 peal; and

16 “(bb) dividing the number
17 determined under item (aa) by
18 the number of complex audit de-
19 nials issued by the contractor
20 under such contract (including
21 denials issued before such fiscal
22 year and during such fiscal year).

23 “(II) FAIRNESS AND TRANS-
24 PARENCY.—The Secretary shall cal-
25 culate the percentage described in

1 subclause (I) in a fair and trans-
2 parent manner.

3 “(III) ACCOUNTING FOR SUBSE-
4 QUENTLY OVERTURNED APPEALS.—
5 The Secretary shall calculate the per-
6 centage described in subclause (I) in a
7 manner that accounts for the likeli-
8 hood that complex audit denials
9 issued by the contractor for such fis-
10 cal year will be overturned on appeal
11 in a subsequent fiscal year.

12 “(IV) COMPLEX AUDIT DENIAL
13 DEFINED.—In this subparagraph, the
14 term ‘complex audit denial’ means a
15 denial by a recovery audit contractor
16 of a claim for payment under this title
17 submitted by a hospital, psychiatric
18 hospital, or critical access hospital
19 that is so denied by the contractor
20 after the contractor has—

21 “(aa) requested that the
22 hospital, psychiatric hospital, or
23 critical access hospital, in order
24 to support such claim for pay-

1 ment, provide supporting medical
2 records to the contractor; and

3 “(bb) reviewed such medical
4 records in order to determine
5 whether an improper payment
6 has been made to the hospital,
7 psychiatric hospital, or critical
8 access hospital for such claim.

9 “(V) OVERTURNED ON APPEAL
10 DEFINED.—In this subparagraph, the
11 term ‘overturned on appeal’ means,
12 with respect to a complex audit de-
13 nial, a denial that is overturned on
14 appeal at the reconsideration level, the
15 redetermination level, or the adminis-
16 trative law judge hearing level.

17 “(D) APPLICATION TO EXISTING CON-
18 TRACTS.—Not later than 60 days after the date
19 of the enactment of this paragraph, the Sec-
20 retary shall modify, as necessary, each contract
21 under paragraph (1) that the Secretary entered
22 into prior to such date of enactment in order to
23 ensure that payment with respect to recovery
24 activities conducted under such contract is

1 made in accordance with the requirements de-
2 scribed in this paragraph.”.

3 (b) ELIMINATION OF ONE-YEAR TIMELY FILING
4 LIMIT TO REBILL PART B CLAIMS.—

5 (1) IN GENERAL.—Section 1842(b) of the So-
6 cial Security Act (42 U.S.C. 1395u(b)) is amended
7 by adding at the end the following new paragraph:

8 “(20) EXCEPTION TO THE ONE-YEAR TIMELY
9 FILING LIMIT FOR CERTAIN REBILLED CLAIMS.—

10 “(A) IN GENERAL.—In the case of a claim
11 submitted under this part by a hospital (as de-
12 fined in subparagraph (B)(i)) for hospital serv-
13 ices with respect to which there was a previous
14 claim submitted under part A as inpatient hos-
15 pital services or inpatient critical access hos-
16 pital services that was denied by a medicare
17 contractor (as defined in subparagraph (B)(ii))
18 because of a determination that the inpatient
19 admission was not medically reasonable and
20 necessary under section 1862(a)(1)(A), the
21 deadline described in this paragraph is 180
22 days after the date of the final denial of such
23 claim under part A.

24 “(B) DEFINITIONS.—In this paragraph:

1 “(i) HOSPITAL.—The term ‘hospital’
2 has the meaning given such term in section
3 1861(e) and includes a psychiatric hospital
4 (as defined in section 1861(f)) and a crit-
5 ical access hospital (as defined in section
6 1861(mm)(1)).

7 “(ii) MEDICARE CONTRACTOR.—The
8 term ‘medicare contractor’ has the mean-
9 ing given such term under section 1889(g),
10 and includes a recovery audit contractor
11 with a contract under section 1893(h).

12 “(iii) FINAL DENIAL.—The term ‘final
13 denial’ means—

14 “(I) in the case that a hospital
15 elects not to appeal a denial described
16 in subparagraph (A) by a medicare
17 contractor, the date of such denial; or

18 “(II) in the case that a hospital
19 elects to appeal a such a denial, the
20 date on which such appeal is ex-
21 hausted.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 1835(a)(1) of the Social Secu-
24 rity Act (42 U.S.C. 1395n(a)(1)) is amended by
25 inserting “or, in the case of a claim described

1 in section 1842(b)(20), not later than the dead-
2 line described in such paragraph” after “the
3 date of service”.

4 (B) Section 1842(b)(3)(B) of the Social
5 Security Act (42 U.S.C. 1395u(b)(3)(B)) is
6 amended in the flush language following clause
7 (ii) by inserting “or, in the case of a claim de-
8 scribed in section 1842(b)(20), not later than
9 the deadline described in such paragraph” after
10 “the date of service”.

11 (3) APPLICABILITY.—The amendments made
12 by this subsection apply to claims submitted under
13 part B of title XVIII of the Social Security Act for
14 hospital services for which there was a previous
15 claim submitted under part A as inpatient hospital
16 services or inpatient critical access hospital services
17 that was subject to a final denial (as defined in
18 paragraph (20)(B)(iii) of section 1842(b) of such
19 Act (42 U.S.C. 1395u(b)) on or after the date of the
20 enactment of this Act.

21 (c) MEDICAL DOCUMENTATION CONSIDERED FOR
22 MEDICAL NECESSITY REVIEWS OF CLAIMS FOR INPA-
23 TIENT HOSPITAL SERVICES.—Section 1862(a) of the So-
24 cial Security Act (42 U.S.C. 1395y(a)) is amended by add-
25 ing at the end the following new sentence: “A determina-

tion under paragraph (1) of whether inpatient hospital services or inpatient critical access hospital services furnished to an individual on or after the date of the enactment of this sentence are reasonable and necessary shall be based solely upon information available to the admitting physician at the time of the inpatient admission of the individual for such inpatient services, as documented in the medical record.”.

TITLE IV—FUTURE OF RURAL HEALTH CARE

SEC. 401. MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM GRANTS.

Section 1820(g) of the Social Security Act (42 U.S.C. 1395i–4(g)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (C), by striking “and” at the end;

(B) in subparagraph (D), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

“(E) rural emergency hospitals providing support for critical access hospitals to convert to rural emergency hospitals to stabilize hos-

1 pital emergency services in their communities;
2 and

3 “(F) supporting certified rural health clin-
4 ics for maintaining and building business oper-
5 ations, increasing financial indicators, address-
6 ing population health, transforming services,
7 and providing linkages and services for behav-
8 ioral health and substance use disorders re-
9 sponding to public health emergencies.”;

10 (2) by redesignating paragraphs (3) through
11 (7) as paragraphs (4) through (8), respectively;

12 (3) after paragraph (2), by inserting the fol-
13 lowing new paragraph:

14 “(3) ACTIVITIES TO SUPPORT CARRYING OUT
15 FLEX GRANTS.—The Secretary may award grants or
16 cooperative agreements to entities that submit to the
17 Secretary applications, at such time and in such
18 form and manner and containing such information
19 as the Secretary specifies, for purposes of supporting
20 States and hospitals in carrying out the activities
21 under this subsection by providing technical assist-
22 ance, data analysis, and evaluation efforts.”;

23 (4) in paragraph (4), as redesignated—

1 (A) in subparagraph (A), by inserting
2 “State Offices of Rural Health on behalf of eli-
3 gible hospitals” after “award grants to”;

4 (B) by amending subparagraph (C) to read
5 as follows:

6 “(C) APPLICATION.—The State Office of
7 Rural Health shall submit an application, on
8 behalf of eligible rural hospitals, to the Sec-
9 retary on or before such date and in such form
10 and manner as the Secretary specifies.”;

11 (C) by amending subparagraph (D), to
12 read as follows:

13 “(D) AMOUNT OF GRANT.—A grant to a
14 hospital under this paragraph shall be deter-
15 mined on an equal national distribution so that
16 each hospital receives the same amount of sup-
17 port related to the funds appropriated.”;

18 (D) by amending subparagraph (E), to
19 read as follows:

20 “(E) USE OF FUNDS.—State Offices of
21 Rural Health and eligible hospitals may use the
22 funds received through a grant under this para-
23 graph for the purchase of computer software
24 and hardware; the education and training of
25 hospital staff on billing, operational, quality im-

1 provement and related value-focused efforts;
2 and other delivery system reform programs de-
3 termined appropriate by the Secretary.”; and
4 (5) by adding at the end the following new
5 paragraph:

6 “(9) RURAL HEALTH TRANSFORMATION
7 GRANTS.—

8 “(A) GRANTS.—The Secretary may award
9 5-year grants to State Offices of Rural Health
10 and to eligible rural health care providers (as
11 defined in subparagraph (E)) on the transition
12 to new models, including rural emergency hos-
13 pitals, extended stay clinics, freestanding emer-
14 gency departments, rural health clinics, and in-
15 tegration of behavioral, oral health services,
16 telehealth and other transformational models
17 relevant to rural providers as such providers
18 evolve to better meet community needs and the
19 changing health care environment.

20 “(B) APPLICATION.—An applicable rural
21 health care provider, in partnership with the
22 State Office of Rural Health in the State in
23 which the rural health care provider seeking a
24 grant under this paragraph is located, shall
25 submit an application to the Secretary on or be-

1 fore such date and in such form and manner as
2 the Secretary specifies.

3 “(C) ADDITIONAL REQUIREMENTS.—The
4 Secretary may not award a grant under this
5 paragraph to an eligible rural health care pro-
6 vider unless—

7 “(i) local organizations or the State in
8 which the hospital is located provides sup-
9 port (either direct or in kind); and there
10 are letters of support from key State pay-
11 ers such as Medicaid and private insur-
12 ance; and

13 “(ii) the applicant describes in detail
14 how the transition of the health care pro-
15 vider or providers will better meet local
16 needs and be sustainable.

17 “(D) ELIGIBLE RURAL HEALTH CARE PRO-
18 VIDER DEFINED.—For purposes of this para-
19 graph, the term ‘eligible rural health care pro-
20 vider’ includes a critical access hospital, a cer-
21 tified rural health clinic, a rural nursing home,
22 skilled nursing facility, emergency care pro-
23 vider, or other entity identified by the Sec-
24 retary. An eligible rural health care provider
25 may include other entities applying on behalf of

1 a group of providers such as a State Office of
2 Rural Health, a State or local health care au-
3 thority, a rural health network, or other entity
4 identified by the Secretary.”.